

Prescription Drug Reimportation Is A Viable Choice

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Auditor's Findings on Drug Reimportation

- Kentucky state government could save \$73.8 million by allowing reimportation of prescription drugs from Canada:
 - \$36.5 million in the state employee health plan
 - \$37.3 million in Medicaid
- In addition, state health plan members would save \$33.8 million in reduced co-pays and co-insurance costs



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Current Prescription Cost Impact on Kentuckians

- The overall poor health, low income and high rate of prescription use ranks Kentucky 3rd in the U. S. in terms of “drug cost burden”
 - Kentucky has more adult smokers than any other state and has high rates of chronic conditions such as asthma, heart disease, obesity and diabetes
 - Average Kentuckian has 14.6 prescriptions per year vs. U. S. average of 10.6
 - Kentuckians spend about 2.8% of income (\$750) on drugs—U.S. average is 1.8%



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Americans Pay The Highest Drug Prices In World

- Ernst & Young reports that the average cost of drugs in 2002 cost about 77% more in the U.S. than Canada, England, Germany, France, Italy, Sweden and Switzerland
- Half of drug manufacturers worldwide revenue comes from the U. S., which has only 4.6% of the world's population



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Drugs From Canada Cost Less

- Average drug costs are 40% less in Canada
- The FDA has designated 25 countries, including Canada, as having regulation of drug manufacturers comparable to the U. S.
- Drug companies can import FDA approved drugs from abroad--pharmacies and consumers are prohibited
- Pharmaceutical manufacturers imported drugs totaling \$14.7 billion into the U.S. in 2001



Examples of Savings to the State Health Insurance Plan from Reimportation

- A comparison of the Top 20 Brand Drugs that cost the state plan \$1 million with prices in Canada yielded an average 32% savings.

Drug Name	Purpose	Supply	Strength	Plan Ingredient Average	Canadian Ingredient Average	Potential Monthly Savings	% Savings
Prevacid	Acid Reflux	30	30 mg	\$117.81	\$65.15	\$52.66	45%
Lipitor	Cholesterol Lowering	30	20 mg	\$80.66	\$59.63	\$21.03	26%
Celebrex	Pain Relief	30	200 mg	\$83.71	\$42.62	\$41.09	49%
Nexium	Persistent Heartburn	30	40 mg	\$103.10	\$74.73	\$28.37	28%
Zoloft	Depression	30	100 mg	\$56.40	\$36.80	\$19.60	35%



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States Are Promoting Reimportation To Lower Costs

- Five states have state-sponsored programs to assist consumers in ordering drugs from other countries such as Canada, Britain, Ireland, Australia and New Zealand:

Illinois

Kansas

Missouri

Vermont

Wisconsin



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What Could Reimportation Do For Kentucky?

- Help lower cost of drugs for all Kentuckians
- Help the uninsured purchase prescriptions at more affordable prices
- Help lower premiums and co-pays for employers and employees
- Help state and local governments stabilize explosive health care expenditures



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